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Analysis | Trump vowed to eliminate the debt in 8 years. He's on track to leave it at least 50 percent higher.

(Video: JM Rieger/Photo: Calla Kessler/The Washington Post)

7-9 minutes

Economy Analysis

Analysis Interpretation of the news based on evidence, including data, as well as anticipating how events might unfold based on past events

Over the past eight years, President Trump has floated no fewer than 14 proposals for reducing the national debt in interviews and speeches.



In March 2016, then-candidate Donald Trump told The Washington Post he could eliminate the entire U.S. debt in eight years. Now that he's president, Trump is doing the exact opposite.

Trump's budget — his own budget — projects debt held by the public will hit \$22.8 trillion by 2025, more than 50 percent higher

than the year he took office. (Debt held by the public was \$14.7 trillion in 2017.)

That's the rosy forecast. Trump's budget relies on "gimmicks" to keep the debt rising by "only" that much, experts across the political spectrum say. Trump predicts the economy will grow at a home-run pace with no recessions for the next decade, and he proposes massive cuts to education, health care and other nondefense parts of the budget that will not be enacted.

"The president makes heroic assumptions about economic growth and deep cuts to domestic discretionary spending and health care, and yet he still can't balance the budget," said Brian Riedl, a senior fellow at the Manhattan Institute and former chief economist for Sen. Rob Portman (R-Ohio).

[Trump's 2020 budget: The top 10 takeaways]

The president's budget forecasts about 3 percent growth every year for the next decade, while most other experts, including the nonpartisan Congressional Budget Office, predict growth will be just under 2 percent a year. That extra percent of growth saves Trump more than \$3 trillion, according to Riedl's calculations.

To put it another way, if the economy does not have an awe-inspiring ride in the next decade and instead performs more like what CBO anticipates, Trump would be on track to add close to \$10 trillion to debt held by the public by 2025 — more than the \$7 trillion added under former president Barack Obama.

Trump's budget underscores how he is piling on the debt and

how difficult it will be for any president to effect change.

Trump's debt binge is occurring for two reasons. First, he has cut taxes and increased spending so far in his tenure, a recipe that is causing the annual deficit to top \$1 trillion for the first time in good economic times.

The White House argues Trump has proposed the most spending reductions of any president and that the tax cuts will pay for themselves and spur higher growth for years, which should also help reduce the deficit.

[What Trump proposed in his 2020 budget — a visual guide]

"It's not that Americans are taxed too little, it's that Washington spends too much," Russ Vought, the president's acting budget director, wrote in a Fox News op-ed.

But Trump's own budget calculations show that reducing taxes and making heavy cuts to domestic programs do not balance the budget (at least not for 15 years and not without some big assumptions). If he serves eight years, Trump would leave with higher debt as a percentage of GDP than when he entered office, according to White House forecasts.

"This budget uses every gimmick and huge assumptions, and it still doesn't get somewhere to be proud of," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget.

Second, Social Security, Medicare and interest payments are starting to grow rapidly, as many budget experts have warned for years, making it even more difficult to bring the budget into

balance.

“The room to maneuver is shrinking because the vast majority of U.S. government spending goes toward entitlements and not discretionary spending,” wrote Torsten Slok, chief international economist at Deutsche Bank, in a note to clients that included the chart below.

Social Security and Medicare are driving forces of growing government spending in the years to come. (Deutsche Bank/DB Global Research)

Trump also promised during the 2016 campaign he would not touch Medicare or Social Security. In his latest budget proposal, he includes an \$845 billion cut to Medicare. (Some of that money — one analyst estimates about \$300 billion — would be redirected to other government health programs.)

Democrats pounced on it, saying Trump broke his vow and that they would blast this in 2020 campaign ads. Many budget experts, however, thought this was one of the few parts of Trump's plan that was worthy of some applause.

Trump proposes reducing “wasteful” Medicare spending by expanding the list of treatments that require prior authorization before the procedure can be done and putting on notice medical providers who charge significantly more than others. These are largely bipartisan ideas and are backed up somewhat by reporting by The Washington Post and other media outlets on Medicare scams.

“Their health-care reforms on Medicare are really smart policies

that would help control costs and decrease out-of-pocket expense by seniors, but you won't hear the president talk about this," MacGuineas said. "This will be the first and last time we hear him push for these."

Some health and hospital groups warned these types of Medicare cuts would lead to some seniors not getting the care they need, especially if more pre-approvals are required for certain procedures.

Trump's proposed Medicare tweak is wrapped in a bigger budget package that does not look bipartisan. It raises military spending while making a 12 percent cut to the Education Department, a 16 percent cut to the Department of Housing and Urban Development, and a 31 percent cut to the Environmental Protection Agency, among other slashes to the safety net that Democrats and Republicans in Congress are not embracing.

Presidential budgets are usually dismissed as overly political and unrealistic, akin to a lengthy holiday wish list for gifts. But for budget experts, this is the latest reminder that there is little appetite in the White House or in Congress to bring down the annual deficit, let alone the debt.

"We are the only major OECD economy that is significantly adding debt right now in good economic times," Riedl said.

"We're the only country making our debt worse, which means when we hit a recession or national security crisis, the wheels are really going to come off fiscally."

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